

Gender Pay Gap

2020 REPORT

Sotheby's EST.
1744



Sotheby's façade © Peter Parr



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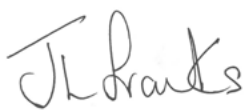
Minding the Gap

As part of the Government's aim to close the gender pay gap within a generation, the regulations require all companies with 250 or more employees in England, Scotland and Wales to publish annual information regarding their Gender Pay Gap on their company website and on a dedicated Government website. This third annual report includes the required disclosures as well as additional information relating to 2020, and we confirm the data reported herein is accurate.

Sotheby's welcomes the evaluation and analysis required under the Gender Pay Gap regulations. It is universally acknowledged that diversity is a key driver of success. We believe that a diverse and gender-balanced workforce makes for a more stimulating and innovative environment for our staff, which in turn benefits our clients, our shareholders and the wider business.

Closing the Gender Pay Gap requires sustained effort and attention. We have many things to be proud of at Sotheby's, including female role models in leadership positions, and female representation at all levels of the work force, yet our analysis under the gender pay gap illustrates that we have multiple challenges to explore and overcome at Sotheby's.

This report offers insight to help us focus and drive the appropriate and effective ways to ensure we offer equal opportunities, progression and pay for our staff in all functions, both in the UK and globally.



Jayne Franks
Regional Director, HR



Sebastian Fahey
Managing Director



Helpful Definitions

Equal Pay vs Gender Pay Gap

According to the UK Equal Rights Commission, whilst both equal pay and the gender gap deal with the disparity of pay women receive in the workplace, they are two different issues.

Equal pay means that men and women in the same company must be paid equal pay for equal work, as set out in the Equality Act 2010.

The **gender pay gap** is a measure of the difference between men's and women's **average** earnings across an organisation, expressed as a percentage of men's earnings.

The Gender Pay Gap regulations have been introduced to create visibility around the levels of seniority and payment men and women are achieving, as well as the roles they are accessing.

There is a significant difference between the two definitions and it is possible for an organisation that has no equal pay gap to show a gender pay gap, due to the number of males and females at different levels in the organisation. However, the gender pay gap is one statistic which illustrates that we still have challenges to explore and overcome at Sotheby's.

Mean vs Median

The Gender Pay Act reporting regulations specifically require two of the most common statistical averages - the mean and median - to be reported. These metrics are complementary and illustrate different aspects of the pay distribution across an organisation.

The "**mean**" is the "average" we are used to, where we add up all the values and then divide the total by the number of values. The mean can be skewed by any outliers at the top or bottom of the sample (i.e. very high or very low salaries and bonuses).

The "**median**" is the "middle" value in the list of numbers, lined up in numerical order from smallest to largest. It looks at the 'central tendency' of the sample, showing the middle-most salary, and as a statistic, is less affected by outliers. The median provides a helpful measure of the centre of a dataset.

By comparing the median to the mean, you can get an idea of the distribution of our data. When the mean and the median are the same, the dataset is more or less evenly distributed from the lowest to highest values.



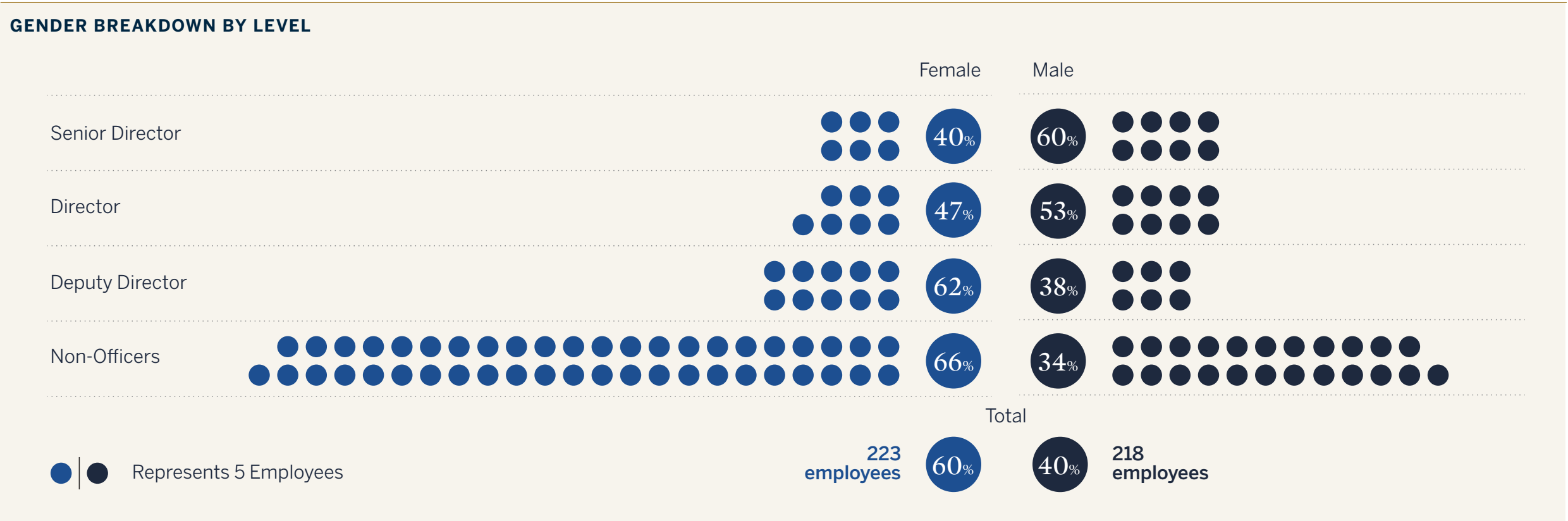
Gender Pay Gap at Sotheby's

Demographics

For this reporting period, Sotheby's has an overall workforce split of 60.2% female and 39.8% male.

As can be seen from the chart below, there are higher percentages of females in more junior 'grades' of the organisation, however, the proportional percentage difference between males and females reduces with seniority. This is illustrated in the 2020 data where 66% of our most junior non-officer grade level roles were female, however, in more senior graded levels at Director and above there are 44.7% of females in these roles. We are pleased that women are so well represented at all levels of the company, although the greater number of women in more junior roles impacts the overall statistics.

Beyond the demographics, there are other elements that influence decisions for equitable individual compensation outcomes, such as the scope of roles and responsibilities, and individual experience and capability. We believe in paying for performance and remunerating men and women equally for doing equal jobs. Our meritocratic approach underpins our formal officer promotion process as well as our annual pay review, the guidelines for which have been formulated to ensure employees are rewarded appropriately on an individual basis.



Gender Pay Gap at Sotheby's

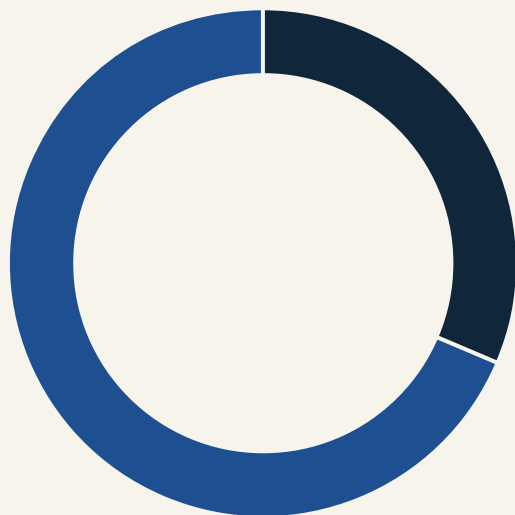
As at 5th April 2020, our median gender pay gap was 24.9% (a decrease from 26.9% in 2018). This compared to the UK median of 15.4% in 2020 as reported by the Office of National Statistics.

Our mean gender pay gap has decreased from 33.0% in 2018, to 24.5% in 2020. This is driven by the high proportion of women in more junior roles within the company.

By pay quartile, we can see that the lower quartile is predominantly made up of female employees at 68.6%, however we are pleased to see an almost equal gender split in the upper pay quartile. This reflects the broadly even proportion of staff at our higher corporate grades and demonstrates that they have an equal opportunity to be among our highest paid staff.

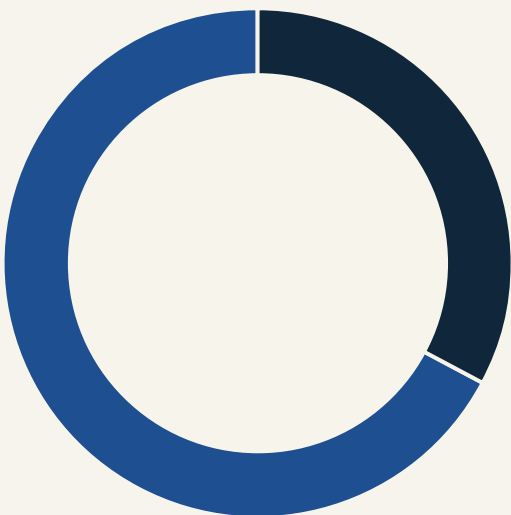
In 2020 Sotheby's UK has a near balanced equal gender split in the upper pay quartile.

GENDER PROFILE BY PAY QUARTILE



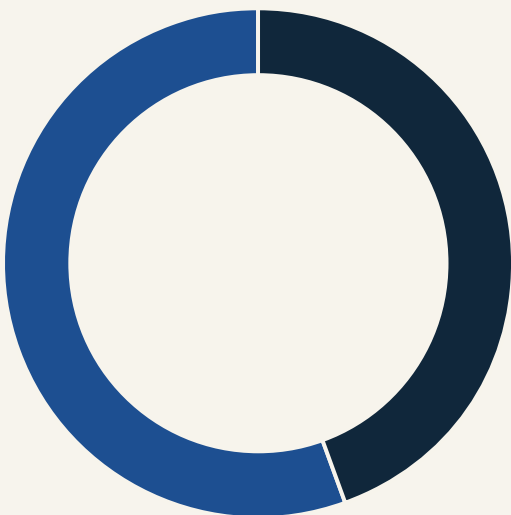
LOWER QUARTILE

● Female **68.6%**
● Male **31.4%**



LOWER MIDDLE QUARTILE

● Female **67.2%**
● Male **32.8%**



UPPER MIDDLE QUARTILE

● Female **55.5%**
● Male **44.5%**



UPPER QUARTILE

● Female **49.6%**
● Male **50.4%**

Gender Bonus Pay Gap

As per the Regulations, our gender bonus pay gap calculations include incentive compensation elements such as annual cash discretionary bonuses, private sales commissions and stock vests.

In the disclosable period, 93.6% of males and 89.8% of females were paid a bonus, as defined above.

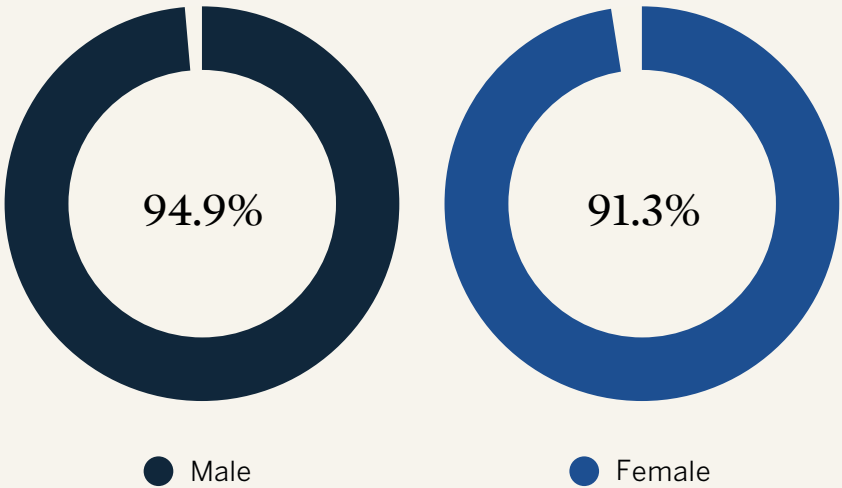
When we apply our existing eligibility criteria to the reported population (which would exclude employees whose start date makes them ineligible to receive

a bonus that year), 94.9% of males and 91.3% of females were paid a bonus.

Our median gender bonus pay gap was 20.3% (a decrease from 25.0% in 2018) and our mean gender bonus pay gap was 64.7% (a decrease from 65.7% in 2018). Due to a small proportion of large individual payouts, the median is more representative than the mean. Factors that influence bonus pay differences include role scope and individual performance.



PROPORTION OF ELIGIBLE EMPLOYEES RECEIVING A BONUS



Closing the Gap

Sotheby's embraces the insight that the Gender Pay Gap reporting brings and the increased awareness around gender representation and gender pay.

While we are pleased that we have a nearly equal gender representation in our upper pay quartiles, closing the gender pay gap continues to require our attention. We are now able to make informed decisions about areas of focus to see sustainable longer-term progress, such as finding ways for all staff to overcome barriers to career progression, looking at how we train and encourage staff in private sales (which offer high levels of commission), and re-examining how we support individuals to achieve their maximum potential. We continue to strive to offer equal opportunities and progression for male and female staff in all functions across the company.

Diversity of all kinds will drive our future performance.

Attracting, Developing & Retaining Staff

Sotheby's commitment to diversity and inclusion is at the forefront of our recruitment strategy. We acknowledge that diversity of all kinds will drive our future performance, and are working to increase awareness of and access to opportunities at Sotheby's for existing and future talent.

We offer our colleagues a range of internal and external opportunities for personal and career development:

- We are currently undertaking a job architectures project which will help to benchmark and band employees and ensure salary consistency across all areas of the business
- Employees can take advantage of professionally accredited training across Finance, HR, Specialist and Operational functions.
- The Diversity & Inclusion team have launched 8 employee-led ERGs (Employee Resource Groups). This includes the Women's Empowerment and Support ERG whose aim is to cultivate an inclusive community that raises awareness and empowers and supports all women at Sotheby's. Top priorities include transparency around equal pay, mentorship programmes, and promoting more women into leadership positions.
- We offer tailored early career development programmes, management, business getting and other skills-based training.
- Our family-friendly policies and benefits support our employees at crucial moments of their lives and careers, and contributes to their engagement with the company.
- Both males and females have been supported in successful flexible working applications, and taking extended leave through Adoption, Shared Parental and Parental Leave.

- Our UK benefits and well-being programmes have been expanded with additional support for employees physical, financial and mental health.
- We ensure that managers conduct regular reviews of performance, both informally throughout the year and through the formal annual process.

We strongly believe that diversity is more than just equal gender representation and we are therefore creating opportunities to engage with a wider range of potential candidates:

- We have invested in a new recruitment platform, which includes a range of tools to allow us to evaluate our pipeline and adjust our focus for better diversity and inclusion.
- The recruitment team have reviewed and adjusted our recruitment practices to include a structured diversity strategy. This includes interview and unconscious bias training and tailoring job descriptions to eliminate biased language.
- We continue to partner with our charity partner, Creative Access, who specialise in the creative industry to open early career opportunities to diverse talent.



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